

Washington State Liquor Control Board

**INTER-OFFICE CORRESPONDENCE**

Town: Olympia

Date: April 18, 1977

To: The Board

From: Bob Hilson

Subject: Beer and Wine Price Posting Regulations (49), (49.5), (81), (82)

As a matter of information, the board amended the subject rules effective July 1, 1971, delegating the authority for establishing and filing wholesale prices to the beer and wine wholesalers. Prior to that time the breweries and wineries established both their selling prices to the wholesalers and the wholesalers' resale prices to retail licensees. It is noteworthy that the board changed these rules four years prior to the time the legislature repealed the state fair trade law. Also, it is interesting to recall that while the legislature repealed the fair trade law (which in essence permitted manufacturers to control both wholesale and retail prices) the lawmakers did not see fit to repeal or amend the State Unfair Practices Act, a measure which prohibits the use of "loss leaders" and similar destructive pricing practices.

Messrs. Erxleben and McFeely of the Federal Trade Commission have theorized that the filing of beer and wine prices somehow destroys competition and creates high prices on these products. These men are both attorneys, and they might better serve the interests of the general public by giving some official attention to restrictions on their own profession. They must be aware of the fact that their professional counterparts operate under rather unusual commercial restraints, not necessarily designed to provide the best competitive prices on legal services to the layman. The elimination of certain "controls" on the legal profession to permit advertising by lawyers to promote their legal services, as well as use of the media to advertise their fee schedules probably wouldn't "offend" most people, and such competition might be healthy and less costly for all concerned! It is ironic that the legally oriented FTC by its own inaction condones such stifling of competition. "Consistency, thou art a jewel!"

*Bob Hilson*

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Manufacturers, Importers and  
Wholesalers Division

IWH:sb

cc: Board Members  
Art Mickey  
Doug Alexander

Resp to Costco RFP  
3802

<b>DEFENDANT'S EXHIBIT</b>	
CASE NO.	C04-0360P
EXHIBIT NO.	477